

Economic Analysis

Overview

Retail trade rose a seasonally adjusted 0.2% in August, slightly less than the 0.3% pencilled in by the consensus.

According to the ABS, spending in August was again supported by the 2023 FIFA Women's World Cup as well as the additional promotional activity and the unusually warm weather over east.

Looking through these temporary factors, the annual rate of retail sales growth declined to 1.5% in seasonally adjusted terms and 1.3% in trend terms, which is the slowest trend growth on record.

Industry Groups

Retail trade turnover was again mixed across industries.

The strongest increase was reported for clothing, footwear and personal accessories, supported by additional demand due to the World Cup games, promotional activity and warm weather. There were also quite solid increases in cafes, restaurants and takeaway food as well as 'other retailing'.

These increases were partly offset by lower spending on food and the ongoing fall in household goods retailing.

Looking through the temporary volatilities, food and dining-in/takeaway food services remain the only industries to contribute positively to annual growth in retail trade.

Seasonally Adjusted, %	MoM	YoY
Food	-0.3	3.5
Household Goods	-0.4	-6.6
Clothing, Footwear and Personal Accessories	1.3	1.4
Cafes, Restaurants and Takeaway Food	0.7	8.0
Department Stores	0.4	-0.6
Other Retailing	0.7	0.1
Total	0.2	1.5

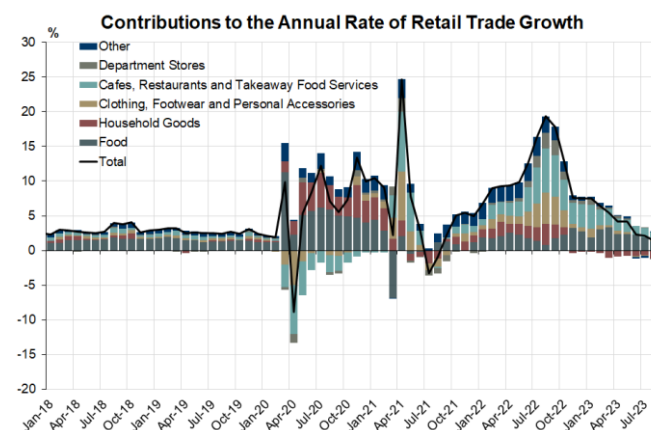
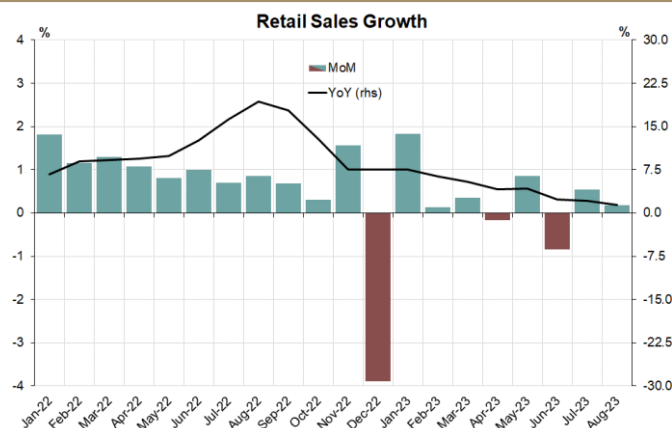
States

Retail sales were also mixed across the states. There were declines in South Australia and Tasmania, while retail turnover was flat in New South Wales.

Other states, including Western Australia, saw increases in retail trade. The gains in Western Australia, of 0.5% MoM and 4.0% YoY, were the strongest of all states.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.5	4.0
New South Wales	0.0	0.6
Victoria	0.3	1.9
Queensland	0.2	0.3
South Australia	-0.2	2.6
Tasmania	-0.4	-1.0

Retail Trade August 2023



Comment

The August retail sales report was again distorted by the impacts of the World Cup games as well as by the additional promotional activity and exceptionally warm weather.

Given these temporary boosts, as well as strong population growth and the ongoing increase in prices, retail performance in August was quite disappointing. Since the monthly retail sales figures are nominal only, it is hard to disentangle the impacts of price growth and sales volumes.

Looking through temporary factors, annual retail sales growth is driven solely by spending on food (in grocery stores, dining out or takeaway). Other industries continue to detract from growth.

The retail sales report did not result in a change in RBA cash rate expectations, with the market still anticipating no change to the cash rate at the RBA Board meeting next week.

28 SEPTEMBER 2023

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